DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:)
)
) ISCR Case No. 25-01466
)
)
Applicant for Security Clearance)
)

Appearances

For Government:
Andre M. Gregorian, Esq., Department Counsel

For Applicant:
Pro se

07/23/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on November 10, 2024 (Questionnaire). On March 2, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (Financial Considerations). The action was taken under Executive Order 10865, *Safeguarding Classified Information Within Industry* (February 20, 1960), as amended; Department of Defense (DoD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within DoD after June 8, 2017.

On March 15, 2026, Applicant responded to the SOR in writing (Answer) and requested that this case be decided on the written record in lieu of a hearing. In her Answer, Applicant admitted to all the debts alleged in the SOR and submitted Applicant Exhibits (AE) A to D in mitigation. On April 30, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM). A complete copy of the FORM, consisting of Government's Exhibits (GE) 1 to 8 and the Government's arguments in support of the SOR, was received by Applicant on May 8, 2026. Applicant was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. She did so on June 5, 2026, providing a written response with additional information (Response). The case was assigned to me on July 20, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 51 years old. She took over her late father's apiary supply business in 2013 and performs seasonal apiary inspections for her state department of agriculture. She also works part-time as a bookkeeper at a flooring company. She is sponsored for a security clearance by a defense contractor and applied for her first security clearance in connection with this potential position. Applicant married in 1998 and has three grown children. She went back to school in 2024, received a bachelor's degree in 2025, and is continuing with other coursework. (Response, GE 3 at 5, 8, 11, 15, 20-21; GE 8 at 1)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because she has delinquent consumer debts totaling over $92,000. In her Answer, she generally described the nature of these expenses as pertaining the purchase of "inventory, equipment, and supplies in an effort to maintain operations while revenues declined." She also described some accounts as, "ordinary personal purchases." She said that she did not list all of her debts in her Questionnaire because there were too many to remember. (GE 8) The following facts pertain:

1.a. Loan from Bank A – Charge Off ($10,024): Applicant took out a $10,300 loan in December 2020, ostensibly for business purchases and a new roof. The last payment on the account was in July 2023, and the current balance is $13,475. The account appears to have been charged off as bad debt by October 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 2; GE 5 at 2; GE 6 at 2; GE 7 at 1-2; GE 8 at 3)

1.b. Loan from Bank B – Charge Off ($8,285): Applicant took out a $12,500 loan from a mortgage company in October 2021. The last payment on the account was in July 2024. The account appears to have been charged off as bad debt by September 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 6 at 2; GE 7 at 1)

1.c. Credit Card ONE from Bank C – Collection ($7,022): Applicant took out this credit card sometime before July 2023, ostensibly for business purchases. The account appears to have been assigned to a collection agency by March 2025. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 2; GE 5 at 3; GE 6 at 2; GE 7 at 7; GE 8 at 3)

1.d. Credit Card from Bank D – Charge Off ($6,992): Applicant took out this credit card in December 2019, ostensibly for business purchases. The last payment on the account was in May 2023, and it appears to have been charged off as bad debt by October 2025. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 3; GE 5 at 3; GE 6 at 2; GE 7 at 8; GE 8 at 4)

1.e. Credit Card ONE from Bank E – Charge Off ($5,985): Applicant took out this credit card in December 2018, ostensibly for business purchases. The account appears to have been charged off as bad debt by October 2025. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 3; GE 5 at 3; GE 6 at 3; GE 7 at 8; GE 8 at 4)

1.f. Credit Card from Department Store A – Charge Off ($7,182): Applicant took out this credit card from a discount department store in December 2017, ostensibly for business purchases. The last payment on the account was May 2023, with a current balance of $5,821, that appears to have been charged off as bad debt by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 3; GE 5 at 4; GE 6 at 3; GE 7 at 9; GE 8 at 4)

1.g. Credit Card ONE from Bank F – Collection ($5,654): Applicant took out this credit card sometime before July 2023, ostensibly for business purchases. The account appears to have been assigned to a collection agency by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 4; GE 5 at 4; GE 6 at 3; GE 7 at 5; GE 8 at 2)

1.h. Credit Card TWO from Bank F – Collection ($4,230): Applicant took out this credit card some time before June 2023, ostensibly for business purchases. The account appears to have been assigned to a collection agency by January 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 4; GE 5 at 4; GE 6 at 3-4; GE 7 at 6; GE 8 at 2)

1.i. Credit Card from Department Store B – Charge Off ($4,187): Applicant took out this credit card from a high-end department store in December 2021, ostensibly for business purchases. The last payment on the account was May 2023 and it appears to have been charged off as bad debt by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 4; GE 5 at 4; GE 6 at 4; GE 7 at 9-10; GE 8 at 5)

1.j. Credit Card from Bank G – Charge Off ($2,880): Applicant took out this credit card in July 2018, ostensibly for business purchases. The last payment on the account was in June 2023, and it appears to have been charged off as bad debt by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 5; GE 5 at 5; GE 6 at 4; GE 7 at 8; GE 8 at 5)

1.k. Credit Card ONE from Bank H – Collection ($2,344): Applicant took out this credit card some time before July 2023 from a big-box retail store that sells items for infants, ostensibly for business purchases. The account appears to have been assigned to a collection agency by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 5; GE 5 at 5; GE 6 at 4; GE 7 at 6; GE 8 at 8)

1.l. Credit Card from Bank I – Collection ($2,273): Applicant took out this credit card some time before July 2019, ostensibly for business purchases. The last payment on the account was in June 2023, and it appears to have been charged off as bad debt by March 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 5; GE 5 at 5; GE 6 at 4, 7; GE 7 at 6-7; GE 8 at 2)

1.m. Credit Card from Bank J – Charge Off ($2,242): Applicant took out this credit card in October 2019, ostensibly for business purchases. The last payment on the account was in May 2023, and it appears to have been charged off as bad debt by November 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 6; GE 5 at 5; GE 6 at 5; GE 7 at 9; GE 8 at 5)

1.n. Credit Card TWO from Bank H – Collection ($1,641): Applicant took out this credit card some time before May 2021 from a flooring and tile store, ostensibly for business purchases. The last payment on the account was in July 2023, and it appears to have been assigned to collection by February 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 6; GE 5 at 6; GE 6 at 5, 7; GE 7 at 6; GE 8 at 2)

1.o. Credit Card TWO from Bank E – Charge Off ($1,500): Applicant took out this credit card in January 2022. The account lists a balance due of $1,339, and appears to have been charged off as bad debt by July 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 6 at 5; GE 7 at 7-8)

1.p. Credit Card from Bank K – Collection ($1,314): Applicant took out this credit card sometime before May 2020 from a home supply warehouse, ostensibly for business purchases. The account appears to have been assigned to collection by February 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 7; GE 5 at 7; GE 6 at 5; GE 7 at 5; GE 8 at 6)

1.q. Credit Card THREE from Bank F – Collection ($1,085): Applicant took out this credit card sometime before January 2023 to purchase tires for her truck. The account appears to have been assigned to collection by October 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 7; GE 5 at 7; GE 6 at 5; GE 7 at 6; GE 8 at 6)

1.r. Credit Card from Department Store C – Collection ($1,379): Applicant took out this credit card sometime before June 2018 from a department store for "clothes, house stuff, and personal (items)." The account appears to have been assigned to collection by October 2024. On September 25, 2025, Applicant settled in full with the debt collector for an undisclosed amount that was less than the balance due. (Answer; AE A; GE 4 at 7; GE 5 at 6; GE 6 at 6; GE 7 at 11; GE 8 at 6)

1.s. Credit Card THREE from Bank H – Collection ($698): Applicant took out this credit card sometime before July 2021 from an online retailer to buy clothing. The account appears to have been assigned to collection by February 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 8; GE 5 at 7; GE 6 at 6; GE 7 at 5; GE 8 at 8)

1.t. Credit Card FOUR from Bank F – Charge Off ($649): Applicant took out this credit card in June 2017 from an online retailer, ostensibly for business purchases. The last payment on the account was in July 2023, and it appears to have been charged off as bad debt by October 2024. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 8; GE 5 at 8; GE 6 at 6; GE 7 at 10-11; GE 8 at 7)

1.u. Loan from Bank L – Charge Off ($11,709): I have taken administrative notice that Bank L was acquired by Bank A in October 2021. One bank name or the other is used in the three credit reports provided as GE 5, 6, and 7, but all three reports reflect the same loan amount and utilize the same account number (3450841241). This allegation is duplicative of the $10,300 loan discussed above in SOR ¶ 1.a. (Answer; Response; GE 5 at 2; GE 6 at 2; GE 7 at 1)

1.v. Credit Card from Department Store D – Charge Off ($2,068): Applicant took out this credit card sometime before November 2017 for the purchase of clothes and personal items. The account appears to have been charged off as bad debt by December 2023. On January 15, 2026, the IRS issued a Cancellation of Debt (Form 1099-C) reflecting the discharge of $1,445.50 regarding this creditor. (Answer; AE B; GE 4 at 6; GE 5 at 6; GE 8 at 5-6)

1.w. Credit Card from Department Store E – Collection ($630): Applicant took out this credit card from a discount department store sometime before November 2018, ostensibly for business purchases. The account appears to have been assigned to a collection agency by June 2025. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 8; GE 5 at 8; GE 8 at 7)

1.x. Credit Card TWO from Bank C – Collection ($519): Applicant took out this credit card sometime before February 2018, ostensibly for business purchases. The account appears to have been assigned to a collection agency by March 2025. Applicant provided no evidence of having contacted the creditor or having made any payments toward this debt. (Answer; GE 4 at 9; GE 5 at 8; GE 8 at 7)

Whole Person Evidence

The comments and explanations Applicant included in her Questionnaire, discussions with the DoD investigator, and interrogatories were reviewed in their entirety. In her submissions, Applicant solely attributed her financial difficulties to a downturn in her apiary business during Covid. In her Questionnaire she noted having taken on a second job, with the intention of entering into settlement plans with her creditors.

Applicant has not, however, provided evidence of having communicated with her creditors, let alone having entered into any settlement plans (with the exception of SOR ¶ 1.r). Also of note, despite being a bookkeeper, Applicant has provided no evidence about the nature of her business expenses, profits, or losses during the time period in question. It is also relevant to note that from August 2024 to January 2026, Applicant took out $21,000 in student loans. As she is still enrolled in school, these loans are presumably in deferment at this time. (Answer; Response; GE 3 at 31-38; GE 7 at 3-4)

Policies

When evaluating an applicant's suitability for national security eligibility, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision.

The entire process is a conscientious scrutiny of applicable guidelines in the context of a number of variables known as the whole-person concept. The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires, “Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security.” In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, “The applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision.”

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information.

Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, “Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” *See also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

SOR Paragraph 1 (Guideline F: Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

> Failure to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An

individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds.

The facts of this case establish the following disqualifying conditions set forth in AG ¶ 19 to all of the allegations under Guideline F:

(a) inability to satisfy debts;

(c) a history of not meeting financial obligations; and

(e) consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators.

The burden therefore shifts to Applicant to mitigate security concerns under Guideline F. The guideline includes the following conditions in AG ¶ 20 that can mitigate security concerns arising from Applicant's financial history:

(a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, or a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

The record evidence fails to establish any of the mitigating conditions under AG ¶ 20 for Applicant's debts. She has provided no evidence that she did not engage in irresponsible spending or did not spend beyond her means in accumulating the debts. Indeed, many of the credit cards were acquired pre-Covid. Moreover, she has provided no evidence of having made any payments (with the exception of SOR ¶ 1.r). As a result, there is insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I have considered Applicant's general discussion of the financial difficulties her business encountered during Covid; but without any evidence in support to explain $92,000 in expenses, I am unable to find that she acted reasonably or responsibly under the circumstances or that she made a good faith effort to deal with her debts. Applicant's financial issues are ongoing and continue to cast doubt on her current reliability, trustworthiness, and good judgment. None of the mitigating conditions are sufficiently applicable to mitigate the security concerns.

With the exception of SOR ¶ 1.u, which is redundant with SOR ¶ 1.a, and SOR ¶ 1.r, which was settled, SOR ¶ 1 is found against Applicant.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

> (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant national security eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the above whole-person factors and the potentially disqualifying and mitigating conditions in light of all pertinent facts and circumstances surrounding this case.

I have also given the appropriate weight to Applicant's statements in her Questionnaire, Answer, Response, and responses to interrogatories. Because Applicant requested a determination on the written record without a hearing, I had no opportunity to question her or evaluate her credibility and sincerity based on demeanor. Overall, the Guideline F issues in the record evidence leave me with questions and doubts as to Applicant's suitability for national security eligibility and a security clearance.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a through 1.q:	Against Applicant
Subparagraph 1.r:	For Applicant
Subparagraphs 1.s through 1.t:	Against Applicant

Subparagraph 1.u:	For Applicant
Subparagraphs 1.v through 1.x:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

RICHARD A. CEFOLA
Administrative Judge